



American International Companies®

BOSTON REGIONAL OFFICE

99 High Street

Boston, MA 02110-2320

TEL: 617/457-2700

December 27, 1999

Mike Christian
Risk Strategies Company
79 Milk Street, Suite 900
Boston, MA 02109

Re: Integrated Health Services, Inc.
Umbrella
Renewal of: 357 4343

Dear Mike:

In confirmation, National Union is binding the following:

Policy Period: January 1, 2000 to January 1, 2002

Carrier: National Union Best Rating A++ XL

Limits of Liability: \$25,000,000 each occurrence

\$25,000,000 general aggregate

\$25,000,000 products/completed operations aggregate

Required Underlying Retentions:

General Liability: 1m/5m/5m

Professional Liability: 2m/12m/12m

Auto Liability: 2 mil csl

Employers Liability: 1m/1m/1m

Premium: \$1,900,000 net

(Various commission considerations discussed and approved by R.V.P. and marketing are indepent of this proposal).

NU-U/W 01228

GSMC 001223

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Premium Payment due within 30 days

Commission: Net

Subject to: Annual Installment policy premium contingent upon:

- 1) No estimated loss penetration during first year of policy
- 2) No increase in beds above 20% of current level
- 3) No change in core operations
- 4) This policy will be subject to a quarterly claims review conducted by AIG personnel to determine that claims are being handled in accordance with Generally accepted claim handling guidelines.

Form, terms and conditions to be adapted from expiring:

Allocated loss expense is outside of limit.

Should you have any questions, please do not hesitate to contact me at (617) 457-2930.

Sincerely,



Jeffrey C. Meserve
Director National Accounts

NU-UW 01229

GSMC 001224